

Vessels

Send an annual BOE-576-D, *Vessel Property Statement*, to the owners of vessels having an aggregate cost of \$100,000 or more pursuant to section 441.

[Section 441\(a\)](#) states that each person owning taxable personal property, other than a manufactured home, having an aggregate cost of \$100,000 or more for any assessment year shall file a signed property statement with the assessor. Additionally, [Rule 171\(f\)](#) provides that the assessor shall furnish property statement forms and instructions to every person required by law or requested by the assessor to file a property statement. These provisions apply to all vessels, including non-commercial vessels.

The information provided by taxpayers in the property statements provides the assessor with current and accurate information regarding replacement engines and new accessories when making vessel appraisals. Failure to require property statement filings from owners of vessels having an aggregate cost of \$100,000 or more increases the risk of inaccurate assessments based on insufficient information and is contrary to statute.

Use Board-prescribed assessment form BOE-576-D, *Vessel Property Statement*.

Pursuant to [Letter To Assessors No. 2004/049](#), a county may develop a form for use in their county for a specific use. However, a county may not use its own form if there is a Board-prescribed form available. In other words, if a Board-prescribed form is available, that form must be used. Using county-developed forms in lieu of Board-prescribed forms could mislead property owners and create confusion about current procedures and filing requirements.

Annually assess all vessels at current market value.

[Article XIII, section 1](#) of the California Constitution states that unless otherwise provided by the constitution or the laws of the United States, all property is taxable and shall be assessed at the same percentage of fair market value. [Assessors' Handbook Section 576, *Assessment of Vessels \(AH 576\)*](#), further states that vessels are valued at their fair market value every year as of the January 1 lien date. This value can be estimated from the sale price or published vessel value guides. For mass appraisal purposes, a value estimate can also originate from the application of sufficiently specific depreciation rates derived from market data. Due to the often rapid fluctuations in vessel market valuations, simply carrying forward historical values will likely result in inaccurate assessments and is contrary to statutory guidelines.

Add sales tax as a component of market value.

Generally, the addition of sales or use tax to a value estimate is required to approximate the market value to the consumer. [Assessors' Handbook Section 576, *Assessment of Vessels \(AH 576\)*](#), provides that the addition of taxes, freight, and transportation charges to the list price of a vessel is consistent with an appraisal approach that gives consideration to the consumer's total cost in arriving at market value.

Furthermore, the court case of *Xerox Corp. v. Orange County* (1977), 66 Cal.App.3d 746, established that under the market value concept, where price is the basis of value, the sales tax and freight charges are elements of value. Without including all elements of the cost, the assessor's values are understated.

Use market derived factors to value vessels.

According to [Assessors' Handbook Section 504, Assessment of Personal Property and Fixtures \(AH 504\)](#), the use of valuation factors should be supported by a recognized sampling method. To utilize sampling of current market evidence, assessors must develop and use recognized methods that will be accepted with confidence by the BOE and property owners.

The assessor may also use the recently developed vessel valuation factors provided by the BOE. In order to promote uniformity of vessel assessments among counties within California, the BOE developed market derived depreciation tables available for use by assessors since the 2009 lien date. These depreciation factors were developed with the assistance of many county assessors to be used in the mass appraisal of vessels when determining a value for property taxation purposes.